

Summary of Consolidated Financial Results For the Third Quarter Ended November 30, 2017 [Japan GAAP]

Name of Company: CAREERLINK CO., LTD.
 Stock Code: 6070
 Stock Exchange Listing: Tokyo Stock Exchange, First Section
 URL: <http://www.careerlink.co.jp/>
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 Date of quarterly securities report (tentative): January 12, 2018
 Date of commencement of dividend payment (tentative): -
 Quarterly earnings supplementary explanatory documents: No
 Quarterly earnings presentation: No

(Yen in millions, rounded down)

1. Financial results for the first three quarters of the fiscal year ending February 2018 (March 1, 2017 – November 30, 2017)

(1) Result of operations (Consolidated, year-to-date) (Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First three quarters ended Nov. 2017	12,783	-	458	-	496	-	336	-
First three quarters ended Nov. 2016	-	-	-	-	-	-	-	-

Note: Comprehensive income: First three quarters of FY2/2018: 336 million yen (-%)
 First three quarters of FY2/2017: - million yen (-%)

	Earnings per share		Earnings per share fully diluted	
	Yen		Yen	
First three quarters ended Nov. 2017	26.93		26.88	
First three quarters ended Nov. 2016	-		-	

Note: Careerlink is preparing quarterly consolidated financial statements for the first time in the fiscal year ending in February 2018.
 As a result, there are no figures of the previous fiscal year and comparisons with the previous fiscal year.

(2) Financial Position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of November 30, 2017	5,763		3,394		58.6	
As of February 28, 2017	-		-		-	

Reference: Shareholders' equity

As of November 30, 2017: 3,378 million yen As of February 28, 2017 - million yen

Note: Careerlink is preparing quarterly consolidated financial statements for the first time in the fiscal year ending in February 2018.
 As a result, there are no figures of the previous fiscal year.

2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 2017	-	0.00	-	10.00	10.00
Fiscal year ending February 2018	-	0.00	-		
Fiscal year ending February 2018 (est.)			-	10.00	10.00

Note: Change in the estimation of dividend from the latest announcement: None

3. Forecast for the fiscal year ending February 2018 (Consolidated, March 1, 2017 to February 28, 2018)

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	16,817	-	535	-	594	-	373	-	29.85

- Notes: 1. Change in the forecast from the latest announcement: Yes
 2. For more information, please see the January 12, 2018 press release titled "Notice of Revisions to Forecast for Fiscal Year Ending in February 2018."
 3. Careerlink is preparing quarterly consolidated financial statements for the first time in the fiscal year ending in February 2018. As a result, there are no comparisons with the previous fiscal year.

* Notes

- (1) Changes in significant subsidiaries during the quarter: Yes
 (Change in specified subsidiary resulting from change in scope of consolidation)
 Newly included: CareerLinkFactory Corporation
 Excluded: None
 Note: For more information, see "2. Quarterly Consolidated Financial Statements and Notes (3) Notes to Quarterly Consolidated Financial Statements (Significant changes in subsidiaries during the quarter)" on page 7.
- (2) Use of accounting methods specifically for the preparation of the quarterly financial statements: None
- (3) Changes in accounting principles and estimates, and retrospective restatement
 (a) Changes due to revision of accounting standards: None
 (b) Changes other than in (a): None
 (c) Changes in accounting estimates: None
 (d) Retrospective restatement: None
- (4) Number of shares outstanding (common stock)
 (a) Shares outstanding (including treasury shares)
 As of November 30, 2017: 12,555,800 As of February 28, 2017: 12,555,800
 (b) Treasury shares
 As of November 30, 2017: 62,754 As of February 28, 2017: 29,554
 (c) Average number of shares (first three quarters)
 Period ended November 30, 2017: 12,510,793 Period ended November 30, 2016: 12,526,261
 Note: There was a two-for-one common stock split with a record date of June 1, 2016. The number of shares issued is calculated as if this split was at the beginning of the previous fiscal year. In addition, the number of shares of treasury stock at the end of the fiscal year includes stock held in a trust account of Trust & Custody Services Bank, Ltd. for the Careerlink Employee Stock Ownership Plan trust (J-ESOP). There were 62,600 shares in this trust account in the third quarter of the current fiscal year and 29,400 shares in the third quarter of the previous fiscal year. Stock in this trust account is included in treasury stock that is excluded from the average number of shares in a fiscal year. There were 62,600 shares in this trust account in the third quarter of the current fiscal year and 29,400 shares in the third quarter of the previous fiscal year.

* This report is exempt from the quarterly audit review.

* Cautionary statement regarding forecasts of operating results and special notes

Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. These statements are not promises by the Company regarding future performance. Actual results may differ significantly from these statements for a number of reasons. For information about the forecasts, please see "1. Results of Operations (3) Forecast for the current fiscal year" on page 3.

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1. Results of Operations

(1) Overview on business performance

The Japanese economy continued to recover slowly and the employment situation also remained favorable during the first three quarters of the current fiscal year. Corporate earnings improved with the support of government economic stimulus measures and the monetary measures of the Bank of Japan. The outlook for the global economy is unclear. Reasons include uncertainty about U.S. policies, Britain's departure from the EU, the risk of economic downturns in China and other emerging Asian countries, and events involving North Korea.

In the Japanese human resources industry, demand for human resource services is expected to continue to grow. The jobs-to-applicants ratio is likely to increase even more as Japan's labor shortage becomes more serious in a broad spectrum of industries. This includes shortages in many fields for specialized and technical workers, including in the nursing care, foodservice, welfare services, construction, and other sectors.

During the first three quarters, there were many activities to capture new orders and increase the size of orders from current clients. Sales activities target business process outsourcing (BPO) companies, the public sector, financial institutions, food companies and many other organizations. However, performance reflected a greater than expected decline in the volume of a large BPO project for a private-sector company. As a result, sales were 12,783,475 thousand yen, operating profit was 458,330 thousand yen, ordinary profit was 496,528 thousand yen and profit attributable to owners of parent was 336,872 thousand yen.

Careerlink established CareerLinkFactory Corporation on March 1, 2017 as a wholly owned consolidated subsidiary. As a result, there are no comparisons with the previous fiscal year because Careerlink started announcing consolidated results of operations in the first quarter of this fiscal year. In addition, Careerlink has changed its financial reports from a single business segment, the comprehensive human resource services business, to two segments starting with this fiscal year. The business segments are the clerical human resource services business and the manufacturing human resource services business.

Business segment performance was as follows.

(Clerical human resources services)

Business process outsourcing (BPO) is the primary activity in this segment. During the first three quarters, there were activities aimed at capturing new orders from BPO companies, the public sector, financial institutions and other sources. However, performance was impacted by a larger than expected decline in the volume of a major BPO project for a private-sector company. As a result, segment sales were 10,868,799 thousand yen and operating profit was 422,614 thousand yen.

(a) Business Process Outsourcing

Performance benefited from new orders from BPO companies, the public sector, financial institutions, energy companies and other sources. Furthermore, the focus was also on increasing orders from existing projects. However, due to a larger than expected decline in the volume of a major BPO project for a private-sector company, sales totaled 8,849,321 thousand yen.

(b) Customer Relationship Management

There were new orders from telemarketing companies in regions other than Japan's major metropolitan areas and Careerlink increased its share of this market category. But call center orders in the Tokyo area did not recover and some call center orders were categorized as business process outsourcing because they included other associated tasks. As a result, sales totaled 1,385,352 thousand yen.

(c) Office Services

Although there were new temporary staffing orders from the public sector, financial institutions and other sources, some of these orders were categorized as business process outsourcing because they included other associated tasks. As a result, sales totaled 634,125 thousand yen.

(Manufacturing human resource services)

Due to a large volume of orders from food processors, the retail and merchandise distribution sector, and other companies, segment sales were 1,914,676 thousand yen and operating profit was 35,716 thousand yen.

(2) Overview of financial condition

(Assets)

Total assets were 5,763,960 thousand yen at the end of the third quarter. Cash and deposits were 3,044,115 thousand yen, notes and accounts receivable-trade were 1,814,227 thousand yen, investments and other assets were 397,940 thousand yen, intangible assets were 121,937 thousand yen, property, plant and equipment was 107,168 thousand yen, and securities were 100,000 thousand yen,

(Liabilities)

Liabilities were 2,369,557 thousand yen at the end of the third quarter. Accounts payable-other was 861,124 thousand yen, long-term loans payable (including the current portion) were 637,849 thousand yen, other current liabilities were 520,363 thousand yen, bonds payable (including the current portion) were 175,000 thousand yen, asset retirement obligations were 56,878 thousand yen, and other noncurrent liabilities were 47,846 thousand yen.

(Net assets)

Net assets were 3,394,402 thousand yen at the end of the third quarter. This included retained earnings of 2,803,091 thousand yen, capital stock of 388,005 thousand yen and a capital surplus of 234,364 thousand yen.

(3) Forecast for the current fiscal year

Careerlink revised on January 12, 2018 the forecast for the fiscal year ending in February 2018 that was announced on April 14, 2017. For more information, please see the press release titled "Notice of Revisions to Forecast for Fiscal Year Ending in February 2018."

Separately, Careerlink announced on January 12, 2018 the acquisition of stock of a subsidiary of Daiko Securities Business Co., Ltd., making this company a subsidiary, and the signing of an agreement in principle to establish a capital and business alliance with Daiko Securities Business. Careerlink has not determined the monetary impact of these actions on its performance in the current fiscal year. An announcement will be made promptly if there is any additional information about this matter that should be disclosed.

2. Quarterly Consolidated Financial Statements and Important Notes

(1) Quarterly consolidated balance sheet

(Thousand yen)

Third quarter ended November 2017

(As of November 30, 2017)

ASSETS	
Current assets	
Cash and deposits	3,044,115
Notes and accounts receivable - trade	1,814,227
Securities	100,000
Inventories	1,898
Other	177,135
Allowance for doubtful accounts	(463)
Total current assets	5,136,913
Noncurrent assets	
Property, plant and equipment	107,168
Intangible assets	121,937
Investments and other assets	397,940
Total noncurrent assets	627,046
Total assets	5,763,960
LIABILITIES	
Current liabilities	
Current portion of bonds	75,000
Current portion of long-term loans payable	250,636
Accounts payable - other	861,124
Income taxes payable	21,546
Provision for bonuses	23,983
Other	520,363
Total current liabilities	1,752,654
Noncurrent liabilities	
Bonds payable	100,000
Long-term loans payable	387,213
Provision for employee stock ownership plan	24,964
Asset retirement obligations	56,878
Other	47,846
Total noncurrent liabilities	616,903
Total liabilities	2,369,557
NET ASSETS	
Shareholder's equity	
Capital stock	388,005
Capital surplus	234,364
Retained earnings	2,803,091
Treasury shares	(47,345)
Total shareholder's equity	3,378,116
Subscription rights to shares	16,285
Total net assets	3,394,402
Total liabilities and net assets	5,763,960

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income
(Quarterly consolidated statements of income)
(For the first three quarters)

(Thousand yen)

	First three quarters ended November 2017 (March 1, 2017 – November 30, 2017)
Net sales	12,783,475
Cost of sales	10,390,327
Gross profit	2,393,147
Selling, general and administrative expenses	1,934,816
Operating profit	458,330
Non-operating income	
Interest income	486
Gain on consumption taxes etc.	43,132
Other	130
Total non-operating income	43,749
Non-operating expenses	
Interest expenses	4,016
Amortization of bond issuance cost	604
Other	930
Total non-operating expenses	5,551
Ordinary profit	496,528
Profit before income taxes	496,528
Income taxes-current	101,729
Income taxes-deferred	57,927
Total income taxes	159,656
Profit	336,872
Profit attributable to non-controlling interests	-
Profit attributable to owners of parent	336,872

(Quarterly consolidated statements of comprehensive income)
(For the first three quarters)

(Thousand yen)

	First three quarters ended November 2017 (March 1, 2017 – November 30, 2017)
Profit	336,872
Other comprehensive income	
Valuation difference on available-for-sale securities	(37)
Total other comprehensive income	(37)
Comprehensive income	336,835
Comprehensive income attributable to owners of parent	336,835
Comprehensive income attributable to non- controlling interests	-

(3) Notes to quarterly financial statement

(Notes to going concern assumptions)

None

(Significant change in shareholders' equity)

None

(Significant change in subsidiary during the first three quarters)

Careerlink established CareerLinkFactory Corporation on March 1, 2017 and this subsidiary is included in the consolidated financial statements beginning with the first quarter of the fiscal year ending in February 2018. This subsidiary meets the requirements of a specified subsidiary.

(Supplementary information)

(Basis for preparation of the quarterly consolidated financial statements)

Careerlink is preparing quarterly consolidated financial statements beginning with the first quarter of the fiscal year ending in February 2018. The following information is the basis for the preparation of these financial statements.

1. Scope of consolidation

Consolidated subsidiaries: 1

Name of subsidiary: CareerLinkFactory Corporation

2. Equity-method affiliates

None

3. Fiscal period of consolidated subsidiary

The fiscal period of CareerLinkFactory Corporation is same as Careerlink.

4. Accounting standards

(1) Valuation standard and method for securities

Other securities

Securities with fair value

Market value method (valuation differences are included in net assets and the moving-average method is used to determine the cost of securities sold) based on market prices and other items as of the end of the fiscal period.

(2) Valuation standard and method for inventories

a) Work in process

Cost using specific identification method (book value reduced when profitability declines)

b) Supplies

Cost using the last purchase price (book value reduced when profitability declines)

(3) Depreciation method for non-current assets

a) Property, plant and equipment

Declining-balance method

The straight-line method is used for structures and facilities attached to buildings acquired on or after April 1, 2016.

The useful lives of major asset categories are as follows.

Buildings: 10 to 15 years

Tools, equipment and supplies: 5 to 15 years

b) Intangible assets

Straight-line method

For software, the useful life is the number of years that each item can be used internally (maximum of 5 years).

(4) Treatment of deferred assets

Bond issuing expenses

Recorded as an expense when payments are made

(5) Standards for allowances and provisions

a) Allowance for doubtful accounts

This allowance is based on the actual write-off ratio for ordinary receivables and on the estimated losses for receivables in doubt, using the outlook for the amount that is expected to be recovered for each receivable.

b) Provision for bonuses

The amount of expected bonus payments applicable to the current quarter is added to this provision.

c) Provision for stock benefits

For the distribution of stock to employees in accordance with the stock distribution rules, this provision is equal to expected stock distribution liabilities at the end of the quarter.

(6) Other information concerning the quarterly consolidated financial statements

Consumption taxes

All amounts in the financial statements do not include consumption and local consumption taxes.

(Application of implementation guidance on recoverability of deferred tax assets)

Careerlink is using the Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016) beginning in the first quarter of the fiscal year ending in February 2018.

(Segment information, etc.)

[Segment information]

First three quarters ended November 2017 (March 1, 2017 – November 30, 2017)

1. Information about sales and income (loss) by reporting segments

(Thousand yen)

	Reporting segments			Amount on the quarterly consolidated statements of income (Note)
	Clerical human resources services	Manufacturing human resource services	Total	
Net sales (of which to outside customers) (of which inter-segment)	10,868,799 -	1,914,676 -	12,783,475 -	12,783,475 -
Total	10,868,799	1,914,676	12,783,475	12,783,475
Segment income	422,614	35,716	458,330	458,330

Note: The segment income matches operating profit in the consolidated income statement.

2. Information about assets by reporting segments

Not applicable

3. Change in reportable segments

On March 1, 2017, Careerlink established CareerLinkFactory Corporation as a wholly owned consolidated subsidiary. In association with this new subsidiary, Careerlink has changed its reportable segments beginning with the first quarter of the fiscal year ending in February 2018. Instead of using the single reportable segment of comprehensive human resource services business, Careerlink is now using two segments: the clerical human resource services business and the manufacturing human resource services business.

4. Information about impairment loss or goodwill etc.in non-current assets by reporting segments

Not applicable

(Significant subsequent events)

Acquisition of a subsidiary of Daiko Securities Business and capital and business alliance agreement

The board of directors of Careerlink approved a resolution on January 12, 2018 to purchase all of the stock of Japan Business Services Co., Ltd. (JBS), a wholly owned subsidiary of Daiko Securities Business Co., Ltd. (DSB; President: Etsuo Misono, Head office: Koto-ku, Tokyo). The resolution also includes an agreement in principle to establish a capital and business alliance with DSB.

1. Purpose of the JBS acquisition and the alliance

Based on its philosophy of “providing everyone with the joy of working,” the Careerlink Group is dedicated to giving the best possible job opportunities to people of all ages who want to work in a flexible manner. The goal is to contribute to the social advancement in Japan as the country’s most friendly and sincere human resource services company. There are two business sectors. Clerical human resource services are primarily business process outsourcing, which involves creating proposals for the outsourcing of business processes in order to improve the efficiency and quality of the operations of private and public-sector clients. Manufacturing human resources services, which serves mainly the food processing industry.

The DSB Group pursues the vision of jointly creating value by supplying innovative comprehensive outsourcing services that utilize highly advanced specialized skills. The goal is to establish a position as a joint infrastructure company for the securities industry. The DSB Group is a source of total solutions for securities operations in order to provide broad-based support for the activities of securities companies, banks and other clients.

Careerlink and DSB believe that cooperating and sharing their resources will contribute to the growth and higher efficiency of the businesses of both companies. To establish a framework for this cooperation and reinforce cooperation, Careerlink decided to acquire all of the stock of JBS, a wholly owned subsidiary of DSB that is engaged primarily in the temporary staffing business. In addition, an agreement in principle has been signed to establish a capital and business alliance with DSB.

2. Capital and business alliance

(1) Business alliance

The business climate for the temporary staffing market in Japan has changed significantly following enactment of the amended Worker Dispatching Act. Establishing an alliance with DSB, which involves mainly BPO and call center services for securities companies, banks and other financial service companies, will enable Careerlink to provide a broader range of human resource services. Careerlink believes this will further upgrade its core strength of providing BPO services that include plans and other ideas for specific clients.

Careerlink and DSB will continue to hold discussions in order to determine methods and actions for benefiting from this business alliance.

(2) Capital alliance

To establish a sound base for the business alliance, Careerlink and DSB plan to hold each other’s stock in an amount equivalent to 1% of the shares issued by Careerlink (reference: about 71 million yen as of January 11, 2018). The two companies will hold discussions to reach a final decision.

3. Acquisition of JBS by Careerlink

(1) JBS shares held by Careerlink prior to this acquisition: None

(2) Shares acquired: 5,500

(3) Acquisition price: Undecided (will be announced when a decision is made)

(4) JBS shares held by Careerlink after this acquisition: 5,500 (100% of all JBS shares)

* Careerlink plans to make JBS a consolidated subsidiary.

4. Profile of JBS

(as of December 31, 2017)

(1) Name	Japan Business Services Co., Ltd.	
(2) Address	2-9-15 Shiomi, Koto-ku, Tokyo	
(3) President	Hirokazu Yamaguchi	
(4) Activities	Temporary staffing, human resources and payroll services, cost cutting consulting	
(5) Capital	450 million yen	
(6) Established	April 2, 1997	
(7) Shareholder	Daiko Securities Business Co., Ltd. (100%)	
(8) Relationship with Careerlink	Capital	None
	Personnel	None
	Business	Careerlink outsources sales support business processes to JBS

5. Profile of Daiko Securities Business

(as of December 31, 2017)

(1) Name	Daiko Securities Business Co., Ltd.	
(2) Address	2-9-15 Shiomi, Koto-ku, Tokyo	
(3) President	Etsuo Misonou	
(4) Activities	Back office operations, IT services, securities, finance	
(5) Capital	8,932 million yen	
(6) Established	May 13, 1957	
(7) Shareholder (as of September 30, 2017)	Nomura Research Institute, Ltd. 50.71%	
	CGML PB Client Account/Collateral (Agent: Citibank NA, Tokyo Branch) 4.50%	
	Japan Trustee Services Bank, Ltd. (Trust account) 4.26%	
	Nomura Holdings Inc. 4.17%	
	Resona Bank, Ltd. 2.72%	
	Sumitomo Mitsui Banking Corporation 2.72%	
	The Bank of Tokyo-Mitsubishi UFJ Ltd. 2.68%	
	MSIP Client Securities (Agent: Morgan Stanley MUFG Securities Co., Ltd.) 2.13%	
	Aizawa Securities Co., Ltd. 1.90%	
	Ichiyoshi Securities Co., Ltd. 1.24%	
(8) Relationship with Careerlink	Capital	None
	Personnel	None
	Business	DSB outsources temporary staffing business to Careerlink
	Related party	None

6. Timetable

(1) Board of directors' resolution	January 12, 2018
(2) Signing of agreement in principle for the purchase of stock and the capital and business alliance	January 12, 2018
(3) Signing of stock purchase contract	February 23, 2018 (tentative)
(4) Signing of capital and business alliance contract	February 23, 2018 (tentative)
(5) Purchase of stock	March 31, 2018 (tentative)

7. Source of funds and payment method

Careerlink will use internal resources.

(Repurchase of stock)

The board of directors of Careerlink approved a resolution on January 12, 2018 to repurchase stock pursuant to Article 156 of the Companies Act, which is applicable in accordance with Article 165, paragraph 3 of this act.

1. Reason for repurchase of stock

Stock will be repurchased to increase shareholder value per share of stock and to conduct a flexible capital policy in response to changes in the operating environment.

2. Terms of the repurchase

- | | |
|-----------------------|---|
| (1) Stock purchased | Careerlink common stock |
| (2) Number of shares | Maximum of 377,000 shares
(3.00% of total number of shares issued, excluding treasury stock) |
| (3) Cost | Maximum of 236,000 thousand yen |
| (4) Repurchase period | January 15 to June 29, 2018 |
| (5) Method | Stock will be purchased on the Tokyo Stock Exchange |